

MONTANA LEGISLATIVE HISTORY

Chapter 226 19 83

Bill H _____ S 22 Original bill & history C

H. Committee on Taxation

S. Committee on Taxation

Hearing Date(s) Mar 07 ☒ C

Hearing Date(s) Jan 17 ☒ C

_____ ☐ C

Jan 27 ☒ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

Date Out Mar 07 ☒ C

Jan 27 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

FREE CONFERENCE COMMITTEE APPOINTED: 3/29/83

FREE CONFERENCE COMMITTEE REPORT: 4/4/83

SENATE

2ND READING: 04/07/83 AYES: 50; NAYS: 0

3RD READING: 04/08/83 AYES: 46; NAYS: 0

HOUSE

2ND READING: 04/06/83, ADOPTED AYES: 87; NAYS: 4

3RD READING: 04/08/83, ADOPTED AYES: 91; NAYS: 4

TRANSMITTED TO GOVERNOR: 04/14/83

SIGNED: 04/18/83, CHAPTER 555

SB 70 -- ECK, NORMAN, BERGENE, ET AL. -- INCLUDING NURSE SPECIALISTS IN THE LIST OF
FREE CHOICES FOR TREATING ILLNESS OR INJURY COVERED BY DISABILITY INSURANCE OR
WORKERS' COMPENSATION

INTRODUCED: 01/06/83

REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS: 01/06/83

HEARING: 1/13/83

REPORT: 01/20/83, DO PASS, AS AMENDED

2ND READING: 01/22/83 AYES: 45; NAYS: 0

3RD READING: 01/25/83 AYES: 50; NAYS: 0

TRANSMITTED TO HOUSE: 1/25/83

REFERRED TO COMMITTEE ON HUMAN SERVICES: 01/26/83

HEARING: 3/9/83

REPORT: 03/10/83, BE CONCURRED IN

2ND READING: 03/11/83, BE CONCURRED IN AYES: 93; NAYS: 0

3RD READING: 03/12/83, BE CONCURRED IN AYES: 93; NAYS: 0

RETURNED TO SENATE: 3/12/83

TRANSMITTED TO GOVERNOR: 03/18/83

SIGNED: 3/23/83, CHAPTER 179

SB 71 -- GOODOVER, GALT, PHILLIPS, ET AL. -- PROVIDING THAT DIVISIONS OF LAND
COMPLETED PRIOR TO JULY 1, 1973, ARE NOT SUBDIVISIONS WITHIN THE MEANING OF THE
MONTANA SUBDIVISION AND PLATTING ACT, BUT THAT SUCH DIVISIONS ARE SUBJECT TO THE
SURVEYING REQUIREMENTS OF THAT ACT

INTRODUCED: 01/06/83

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 01/06/83

DIED IN COMMITTEE

SB 72 -- BOB BROWN -- TO REQUIRE A QUARTERLY REPORT OF GROSS YIELD FOR PURPOSES OF THE
RESOURCE INDEMNITY TRUST TAX FROM A YEARLY TAX TO A QUARTERLY TAX; ... AND PROVIDING
AN APPLICABILITY DATE.

BY REQUEST OF: THE REVENUE OVERSIGHT COMMITTEE

INTRODUCED: 01/06/83

REFERRED TO COMMITTEE ON TAXATION: 01/06/83

HEARING: 1/13/83

REPORT: 02/01/83, DO PASS, AS AMENDED

2ND READING: 02/03/83 AYES: 48; NAYS: 2

1ST READING: 02/05/83 AYES: 44; NAYS: 2

TRANSMITTED TO HOUSE: 2/5/83

REFERRED TO COMMITTEE ON TAXATION: 02/07/83

HEARING: 3/7/83

REPORT: 03/08/83, BE CONCURRED IN, AS AMENDED

1ST READING: 03/10/83, BE CONCURRED IN AYES: 95; NAYS: 1

2ND READING: 03/11/83, BE CONCURRED IN AYES: 92; NAYS: 3

RETURNED TO SENATE WITH AMENDMENTS: 3/11/83

1ST READING: 03/14/83 AYES: 49; NAYS: 0

2ND READING: 03/15/83 AYES: 47; NAYS: 1

TRANSMITTED TO GOVERNOR: 03/21/83

SIGNED: 3/24/83, CHAPTER 226

10 -- BOB BROWN -- CLARIFYING THE INCOME TAX WITHHOLDING STATUS OF WAGES PAID TO MEMBERS OF THE RESERVE ARMED FORCES; ... AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

BY REQUEST OF: THE REVENUE OVERSIGHT COMMITTEE

INTRODUCED: 01/06/83

REFERRED TO COMMITTEE ON TAXATION: 01/06/83

HEARING: 1/13/83

REPORT: 01/13/83, DO PASS, AS AMENDED

1ST READING: 01/15/83 AYES: 45; NAYS: 0

2ND READING: 01/18/83 AYES: 47; NAYS: 0

TRANSMITTED TO HOUSE: 1/18/83

REFERRED TO COMMITTEE ON TAXATION: 3/19/83

HEARING: 3/3/83

REPORT: 03/05/83, BE CONCURRED IN

1ST READING: 03/07/83, BE CONCURRED IN AYES: 95; NAYS: 0

2ND READING: 03/08/83, BE CONCURRED IN AYES: 97; NAYS: 1

RETURNED TO SENATE: 3/8/83

TRANSMITTED TO GOVERNOR: 03/15/83

SIGNED: 03/18/83, CHAPTER 128

11 -- BOB BROWN -- TO PROVIDE FOR SUPPORT OF CHILDREN RECEIVING PUBLIC ASSISTANCE DURING THE PENDENCY OF CERTAIN COURT ACTIONS.

BY REQUEST OF: THE REVENUE OVERSIGHT COMMITTEE

INTRODUCED: 01/06/83

REFERRED TO COMMITTEE ON JUDICIARY: 01/06/83

HEARING: 1/13/83

REPORT: 01/14/83, DO NOT PASS. REPORT ADOPTED.

BILL KILLED.

12 -- TURNAGE, TOWE -- CLARIFYING THE LAW RELATING TO THE DETERMINATION OF THE NUMBER OF AVAILABLE RETAIL BEER LICENSES IN A CORPORATE CITY QUOTA AREA

BY REQUEST OF: THE REVENUE OVERSIGHT COMMITTEE

INTRODUCED: 01/06/83

REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 01/06/83

HEARING: 1/14/83

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 13, 1983

The third meeting of the Taxation Committee was called to order at 9:06 a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present.

CONSIDERATION OF SENATE BILL 72: Senator Bob Brown (District 10, Flathead County) said this bill was requested by the Revenue Oversight Committee. In essence, he said, the bill would change the resource indemnity trust tax from a yearly basis to a quarterly basis. Presently, mineral production taxes are paid on a quarterly basis, but resource indemnity trust taxes are paid on a yearly basis. The bill would eliminate some of the difficulties in cross-checking and auditing to see if taxes are being paid correctly. He suggested it would be less paperwork if payment of the mineral taxes and the resource indemnity trust taxes were paid on the same schedule.

PROPOSERS

Dan Bucks, representing the Department of Revenue, said they see the bill as facilitating compliance in paying and in jointly filing returns for the mineral production taxes and the resource indemnity trust taxes so the taxpayers can file returns and pay taxes on both at the same time. They hope to use the same form for both returns in the future to streamline procedures.

OPPOSERS

Ward Shanahan, representing Stillwater PGM Resources, charged that Stillwater's indemnity trust tax was not being used for the purposes intended. His prepared statement is attached as Exhibit A to these minutes.

George Bennett, representing ASARCO, Inc., said they own a copper and silver mine near Troy, Montana, and the smelter in East Helena. As Mr. Shanahan said, this bill would accelerate payment of taxes, and the tax is a substantial one for the mines. He then quoted from a Great Falls Tribune article (January 13, 1983 issue, p. 13A) and a copy of that article is attached as Exhibit B to these minutes. Accelerating the tax won't break anybody, but it is a burden on the raw materials industry. Montanans pay income taxes annually, property taxes are noticed annually, so why not pay resource indemnity trust tax annually?

Gary Langley, director of the Montana Mining Association, reiterated what Ward Shanahan and George Bennett said. He sees no reason for accelerating the tax, particularly in today's

economy. It would tie up mining capital when the mines are not collecting any money.

Jim Mockler, representing the Montana Coal Council, stated that the valuation points for mineral production taxes and for resource indemnity trust tax are different. The mineral production taxes are valued at the low down and the resource indemnity trust tax valuation point is at the point of severance. The proposed system will increase the effect of the taxation: if the Department of Revenue collects the taxes, they get the interest and they get to use the money; and vice versa. The coal producers prefer to pay annually.

Questions were then called for from the committee.

Senator Crippen asked Mr. Bucks if the primary intent of the bill was to put the taxes on the same footing as far as bookkeeping. He asked why production taxes couldn't be put on an annual basis (as the resource indemnity trust tax is presently paid) instead of a quarterly basis as they are now. Mr. Bucks said that is up to the Legislature. Mineral production taxes and other natural resource taxes are paid quarterly, and the amount of interest earnings by the state of Montana are significant but the Department of Revenue has no interest in the interest earnings on the taxes.

Senator Crippen asked if the Department of Revenue would be amenable to providing that the net taxes paid would be equal to the amount they would have been if paid on an annual basis, and Mr. Bucks responded that the Department of Revenue is not interested in increasing the net collections to the state. He had no figures on how much money was in the resource indemnity trust fund at the present time.

Ward Shanahan stated there was about \$20 million in the fund last year and that now, there is probably somewhere between \$20 million and \$30 million. He said only the earnings up to \$100 million could be spent.

Senator Towe asked George Bennett and Ward Shanahan if they were contending that the net effect of the bill would be to increase the tax. Mr. Shanahan stated we are dealing with different types of substances here. There are differences in the points of valuation. Mineral producers don't have to pay the production tax until there is a yield to the industry. In hard rock mining, there is no yield until the rock is processed and the concentrations sold. We would be lending money to the state four times a year.

Mr. Mockler said the increase would be the 10% prime interest rate.

Mr. Shanahan said the companies are billed at the end of the year for additional taxes and agreed with Senator Towe that it would actually be the consumers who would be out if the bill passes.

Mr. Shanahan stated the Department of Revenue wants to value minerals in the stockpile and they are not ready to sell it at that time. The sale date depends on the particular industry and on the market. He said they can't pass those costs on to the consumer. The suppliers are billed on a monthly or quarterly basis. The resource indemnity trust tax should be paid as a property tax.

Mr. Bucks pointed out that the present regulations referred to do not involve taxing stockpile ore and the resource indemnity trust tax will not be imposed on stockpile ore.

Mr. Bennett said that ASARCO mines copper and silver. Its major taxes now are the corporate license and gross receipts taxes. He said Mr. Bucks was implicating that quarterly auditing procedures were not consistent with what has been done in the past.

Mr. Bucks responded that the Department of Revenue wishes to more rapidly check taxes with returns and check on other errors. He will furnish the committee with data on the increasing errors they are finding in auditing in the near future. Senator Turnage suggested that if there was no intent in the bill to accelerate taxes, quarterly returns could be filed, but the taxes themselves could be paid annually.

The hearing on SB 72 was closed, and Chairman Goodover said executive action on this bill would be taken at a later date.

CONSIDERATION OF SENATE BILL 73: Senator Brown, the sponsor of this bill, introduced it at the request of the Revenue Oversight Committee. Members of the regular armed forces are exempted from income tax. Full time National Guardsmen and reservists are subject to income tax but not to withholding, and this is a problem with the Department of Revenue.

PROPONENTS

John Walsh, representing the National Guard, supported the bill. There are 2,700 members in the Montana Army National Guard and Air National Guard as defined in Title 10 or Title 32 of the United States Code. These people are Montana citizens and have a tax liability to the state of Montana, and would like taxes withheld from their paychecks biweekly or monthly, depending on how they are issued. There are Guardsmen stationed in 26 Montana communities. Others have converted to the "AGR" program and the Montana Army National Guard has no jurisdiction over them.

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 1/13 /83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

WITNESS STATEMENT

Name GEORGE F. T. H. H. H. Date Nov 12, 1973
Address P.O. Box 1704 Support ?
Phone: 442-8930 Representing ASHGILL, INC. Oppose ? X
Which Bill ? SB 72 Amend ?
Comments:

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name GARY LANGLEY Date 1/12/22
Address 2301 15th St NW Support ? ☐
Phone: 202-462-1111 Oppose ? ☒
Representing None Amend ? ☐
Which Bill ? 1
Comments:

Please leave prepared statement with the committee secretary.

WITNESS STATEMENT

Name Jim Mockler Date 4/13/83
Address 1301 Colonial Dr Support ?
Phone: 403-6225
Representing MT. Coal Council Oppose ? ✓
Which Bill ? SB 72 Amend ?
Comments:

Please leave prepared statement with the committee secretary.

Dept. of Revenue
56720
1/13/83

COMMENTS ON THE BILL TO CHANGE THE RESOURCE INDEMNITY TRUST TAX FROM AN ANNUAL TAX TO A QUARTERLY TAX.

The bill would place the resource indemnity trust tax on a consistent basis with other mineral production taxes. The coal, oil and natural gas, and micaceous minerals taxes are all quarterly taxes, and the metal mines tax is proposed to be quarterly tax.

The bill will enable mineral producers to calculate, report, and pay all severance taxes on a uniform schedule. A uniform schedule can assist internal company accounting and report processing.

The change to a quarterly tax will simplify and increase the efficiency of the administration of this tax. By placing it on a common basis with the other severance taxes, the Department of Revenue will be able to increase cross-referencing between mineral production taxes and the Resource Indemnity Trust Tax. Currently, it is difficult and cumbersome to cross-check quarterly oil severance tax returns, for example, with the annual Resource Indemnity returns. As a consequence, discrepancies in payments between these taxes go undetected. Through uniform reporting, the increased cross-referencing will improve the efficiency and effectiveness of both the office and field audits in this area. The net result should be more dollars produced for a given amount of administrative costs.

Because of plans to automate the processing of mineral production taxes, the Department does not anticipate any significant difference in the cost of processing quarterly as opposed to annual returns, and no funds are requested for this change.

The proposed change to quarterly reporting will make it possible to consider adoption of uniform or consolidated returns for all

severance taxes. Uniform returns would reduce paperwork for taxpayers and would increase the efficiency of the administration of this and other mineral production taxes.

By changing the Resource Indemnity Trust Tax to a quarterly tax, the depositing of revenues would be accelerated. Over the long-term, a modest, but positive revenue impact would occur in the form of increased investment earnings by the state.

The bill does not change the rate of the tax or the annual exemption of the first \$5,000 of minerals produced.

Quarterly reporting will simplify paperwork for the taxpayer and will improve the efficiency of the administration of both the Resource Indemnity Trust Tax and other mineral production taxes.

REFERENCE DATA:

Amount of Resource Indemnity Trust Tax Revenue, FY 1982:	\$7.1 million
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Number of Taxpayers, FY 1982:	640
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NAME Ward Shanahan BILL NO. SB 72 JANUARY 13, 1983
SB 72ADDRESS 301 First Bank Bldg Helena Montana DATE Jan 13 1983WHOM DO YOU REPRESENT Stillwater PGM ResourcesSUPPORT _____ OPPOSE XXXXX AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. We oppose this bill, not only because of the lack of necessity for its enactment, but also because of its cumulative effect with other actions(and inactions) of state government.
2. We appeared in the 1981 session and opposed the dedication of the Resource Indemnity Trust Tax for legally improper uses. The Governor's budget analyst reported in September 1981 that almost none of this tax was being used to correct impacts to the environment caused by the extraction of natural resources.
3. The tax itself is for the creation of a cumulative fund of 100 million, and only the earnings can be spent. We have to ask, what's the rush? Why should the collection of this tax be accelerated to four times as fast?
4. The department of Revenue is proposing to amend its rules for the collection of this tax to Quadruple the effect of the tax on the hard rock industry(See ARM 42.32.101 et seq) (See also MAR Not. 42.2.203 10/28/82).
5. The effect of this bill when viewed against this background is a substantial new penalty on the hard rock mining industry. Your vote should be against its passage.

DO NOT PASS SB 72

Bureau head laments state economic troubles

By KEITH NAUGLAND
Tribune Staff Writer

Montana is in big economic trouble, according to Maxine Johnson, director of the Bureau of Business and Economic Research at the University of Montana.

Speaking before the Energy Committee of the Great Falls Chamber, Johnson said that at a time when the state economy is being pushed backward by the national recession, the state must rebuild its economic base to make up for more than 6,000 basic industry jobs lost during the last year.

In addition, the state's basic industries, those which import out-of-state investments and sell products out of state, are on the decline. The strongest, the oil and gas industry, is backpedaling because of the recession, a world-wide oil glut and

falling oil prices.

During the last year, about 1,300 jobs have been lost in the oil and gas industry, Johnson said, which amounts to a \$38 million loss in wages and salaries paid in the state.

At the same time, the oil and gas industry, as well as other natural resources industries, find their tax burden has escalated dramatically during the past few years, she said.

Resource industries include mining, oil and gas, coal and electrical power companies.

"Taxes on the resource industries," she said, "have jumped by 2,000 percent since 1979 and now constitute 36 percent of total state tax collections."

Some of that increase, she cautioned, was from sharply higher prices paid on production. However, taxes also have been increased

sharply.

Currently, Johnson said, the state is "heavily dependent on natural resource taxes — in a period of recession — faced with a probable slow recovery in the resource industry — the industry finding the tax burden onerous — and legislators wondering where to find funds to operate state government."

And while facing those problems, the state must begin rebuilding its economic base and replacing lost jobs, she said.

Johnson said Gov. Ted Schwinden's "Build Montana" program is a step in the right direction. "But if it goes to non-basic industries, it's not going to create growth. That program is going to need a lot of careful thought by everyone."

"And I'm sorry, but building new banks and shopping centers just

isn't going to do it," she said. "Building new retail-type industries would just move segments of the same pie around — there would be no expansion."

One of the state's biggest problems in attracting out-of-state investments is a perception that Montana is "anti-business," Johnson said.

She said much of the state's reputation is "based on the way environmental regulations are administered."

Out-of-state businesses claim state officials are inconsistent in the administration of environmental regulations, she said.

However, Montana's "anti-business" reputation is beginning to change, and Johnson credited Schwinden with trying to change that image.

"I believe that state government and industry are working better together now than they had for some time in the past," she said.

She also said recent Montana Polls have shown Montanans to be "very middle of the road and responsible" in regards to economic

development.

Johnson said that when Montana's environmental laws were passed, "I'm not so sure that some of those legislators didn't hope that if (the environmental laws) would prevent development, we had a pretty young bunch in there then."

DISPOSITION OF SENATE BILL 72: Dan Bucks from the Department of Revenue had two recommendations. The first related to the penalty. This recommendation is designed to ensure that the penalty under SB 72 will not exceed the penalty under current law. He suggested that the penalty be distributed between the quarterly statements and the annual payment as follows: for failure to file each quarterly statement, a penalty of \$25 or 2% (pf the quarterly tax due), whichever is greater (p. 6, l. 10 of grey bill). Failing to pay the annual payment brings the 8% penalty (p. 6, l. 18 of grey bill).

Senator Brown moved that the committee adopt the amendments drafted by Cort on the grey bill and Mr. Bucks' amendments noted thereon and described above. The motion was seconded and passed unanimously.

Mr. Bucks then explained the second recommendation concerning the deadline for payment of the tax (p. 4, l. 21 of grey bill). The Department of Revenue proposes the payment date be moved to March 1 from March 31 to streamline the paperwork for the taxpayer and the Department of Revenue. Oil and gas severance tax statements are filed and the taxes paid on a 60-day basis, and they would like to have these payments come in with the statements also. The tax is 1/2 of 1% of the value of the product--not an onerous amount.

Senator Brown moved the adoption of March 1 as the payment date as proposed by Mr. Bucks. The motion was seconded and unanimously passed.

Cort Harrington stated that reference to sections 15-38-103 and 15-38-104, MCA, in line 7 of the title should be deleted. This amendment was accepted without objection.

Senator Brown moved that the committee recommend a DO PASS AS AMENDED on SB 72. The motion was seconded and passed, with Senators Severson, Gage and Hager voting no.

DISPOSITION OF SENATE BILL 146: Senator Lynch moved that the committee recommend a DO PASS on SB 146.

Senator Towe stated that, regarding subsection (c) on page 2 of the bill, keeping loan repayments in the water development earmarked account might jeopardize the arbitrage standing, so new subsections (d) and (e) have been added, and the loan repayment moneys will be kept in a new separate account. If this was not done, the bonds might lose their tax-exempt status.

Regarding the change on page 6, line 6 of SB 146, Senator Towe explained that the "little" bond project funds come out of the water development account which includes some resource indemnity trust fund interest and fees from state-owned water projects. In the water development program, the loans are supposed to be fully repaid, even though extra money is coming into that program. The "big" bond program is contrary to that--they expect the sale of bonds on the Tongue River Dam to repay about half of the cost of the bonds.

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 1/27/83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

1 returns or reports filed with the state or from any other
 2 information which the department may be able to obtain, the
 3 ~~total-gross-value-of-product~~ GROSS YIELD OF THE MINERAL of
 4 such person from such business during the calendar year
 5 quarter immediately preceding the year quarter in which the
 6 ~~tax-is-to-be-paid~~ STATEMENT IS TO BE FILED and shall fix the
 7 amount of the tax THAT WOULD BE due to the state IF THE TAX
 8 WERE PAID ON A QUARTERLY BASIS from such person for such
 9 calendar year quarter and shall add to the amount of such
 10 tax a penalty of ^{\$25 or 2%, whichever is greater.} ~~10% thereof.~~ *(90% on quarterly, 2% on total)*

11 (2) IF ANY PERSON FAILS, REFUSES, OR NEGLECTS TO PAY
 12 THE TAX WHEN DUE, THE DEPARTMENT SHALL IMMEDIATELY
 13 DETERMINE, AS NEARLY AS MAY BE POSSIBLE FROM ANY INFORMATION
 14 WHICH THE DEPARTMENT MAY BE ABLE TO OBTAIN, THE TOTAL GROSS
 15 VALUE OF PRODUCT OF THE PERSON FROM THE BUSINESS DURING THE
 16 YEAR FOR WHICH THE TAX IS DUE AND SHALL FIX THE AMOUNT OF
 17 TAX DUE TO THE STATE AND SHALL ADD TO THE AMOUNT A PENALTY
 18 OF 8% ~~10%~~ plus interest at the rate of 1% a month or fraction
 19 thereof computed on the total amount of tax and penalty.
 20 Interest shall be computed from the date the tax was due to
 21 the date of payment.

22 (2)(3) The department shall mail to the person
 23 required FAILING to file an-annual a quarterly statement and
 24 OR pay any tax a letter setting forth the amount of tax,
 25 penalty, and interest due. The letter shall advise that if

1- gold or silver, pounds of copper or lead, tons of coal,
 2 barrels of petroleum or other crude or mineral oil, cubic
 3 feet of natural gas, or other commercially valuable
 4 constituents of the ores or mineral products or deposits
 5 yielded to the person engaged in mining measured by standard
 6 units of measurement;

7 (5) the gross yield or value in dollars and cents."

8 Section 2. Section 15-38-106, MCA, is amended to read:

9 "15-38-106. ~~Payment~~ ~~Quarterly--payment~~ PAYMENT of tax
 10 -- records -- collection of taxes -- refunds. (1) The tax
 11 imposed by this chapter shall be paid by each person to
 12 which the tax applies, ~~on or before March 31, on the value~~
 13 ~~of product in the year preceding January 1 of the year in~~
 14 ~~which the tax is paid. The tax shall be paid to the~~
 15 ~~department at the time that the statement of yield is filed~~
 16 ~~with the department in quarterly installments for the~~
 17 ~~quarterly periods ending, respectively, March 31, June 30,~~
 18 ~~September 30, and December 31 of each year, and the amount~~
 19 ~~of tax for each quarterly period must be paid to the~~
 20 ~~department of revenue within 60 days after the end of each~~
 21 ~~quarterly period.~~ ON OR BEFORE MARCH 31, ON THE VALUE OF
 22 PRODUCT IN THE YEAR PRECEDING JANUARY 1 OF THE YEAR IN WHICH
 23 THE TAX IS PAID, THE TAX SHALL BE PAID TO THE DEPARTMENT AT
 24 THE TIME THE STATEMENT OF YIELD FOR THE LAST CALENDAR
 25 QUARTER IS FILED WITH THE DEPARTMENT.

STANDING COMMITTEE REPORT

January 27, 19 83

MR. PRESIDENT

We, your committee on Taxation

having had under consideration Senate Bill No. 72

Respectfully report as follows: That Senate Bill No. 72

be amended as follows:

1. Title, page 1, line 5.

Following: "AN ACT TO"

Strike: "CHANGE"

Insert: "REQUIRE A QUARTERLY REPORT OF GROSS YIELD FOR PURPOSES OF"

2. Title, page 1, line 7.

Following: "SECTIONS"

Strike: "15-38-103"

Insert: "15-38-105"

Following: "15-38-107"

Strike: "AND 15-38-202"

3. Page 1, line 11 through page 2, line 23.

Strike: sections 1 and 2.

Renumber: subsequent sections.

XXXXXX

(CONTINUED ON PAGE 2)

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4. Page 3.

Following: line 4

Insert: "quarterly"

5. Page 3, line 7 through line 8.

Following: "quarter"

Strike: "for which the statement is made and the value thereof"

6. Page 4, line 7.

Following: "Payment"

Strike: "Quarterly payment"

Insert: "Payment"

7. Page 4, lines 14 through 19.

Following: "departement"

Strike: through "period" on line 19.

Insert: ", on or before March 1, on the value of product in the year preceding January 1 of the year in which the tax is paid. The tax shall be paid to the department at the time the statement of yield for the last calendar quarter is filed with the department"

8. Page 5.

Following: line 1

Insert: "four quarterly"

9. Page 5, line 4 through line 6.

Following: "the taxpayer"

Strike: "making the statement for the year quarter for which the statement is filed"

10. Page 5, line 12.

Following: "years"

Strike: "quarters"

Insert: "years"

11. Page 5.

Following: line 21

Strike: "total gross value of product"

Insert: "gross yield of the mineral"

12. Page 5, line 24.

Following: "in which the"

Strike: "tax is to be paid"

Insert: "statement is to be filed"

(CONTINUED ON PAGE 3)

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19

13. Page 5, line 25.

Following: "tax"

Insert: "that would be"

Following: "state"

Insert: "if the tax were paid on a quarterly basis"

14. Page 6, line 2.

Following: "penalty of"

Strike: "10% thereof"

Insert: "\$25 or 2%, whichever is greater.

(2) If any person fails, refuses, or neglects to pay the tax when due, the department shall immediately determine, as nearly as may be possible from any information which the department may be able to obtain, the total gross value of product of the person from the business during the year for which the tax is due and shall fix the amount of tax due to the state and shall add to the amount a penalty of 8%"

Renumber: subsequent subsections.

15. Page 6, line 7.

Following: "person"

Strike: "required"

Insert: "failing"

16. Page 6, line 8.

Following: "statement"

Strike: "and"

Insert: "or"

17. Page 6, line 16 through page 7, line 8.

Strike: section 6.

Renumber: subsequent sections.

AND AS AMENDED

DO PASS

SENATOR GALT closed his presentation on SB 146.

REPRESENTATIVE BERTELSEN asked where it is specifically noted that these bonds are tax exempt. Senator Galt said the bill has been changed so that the bonds are backed by coal taxes rather than revenue from bonds. They are tax exempt because they are sold by the state of Montana.

The hearing was closed on SB 146.

SENATE BILL 72

SENATOR BOB BROWN, District 10, sponsor of the bill, said SB 72 came through the Revenue Oversight Committee at the request of the Department of Revenue. Senate Bill 72 is an act to require a quarterly report of gross yield for purposes of the resource indemnity trust tax. Senator Brown passed out copies of amendments to SB 72. (See EXHIBIT 1.) He said the proposed amendments are necessary because the Senate Taxation Committee amended the penalty sections of the bill. The 10% penalty in current law has been replaced by a 2% penalty on the failure to file quarterly returns and an 8% penalty on a failure to pay the annual tax. The amendment merely changes the provision for waiver of penalties to reflect the committee action.

Proponents

DON HOFFMAN, representing the Department of Revenue, said the department supports the bill, as amended. He said the department will be able to cross reference resource indemnity trust tax with other taxes that are quarterly. Hopefully, in the future, the taxpayers will be able to file one quarterly report instead of separate reports.

There were no opponents testifying on SB 72.

SENATOR BROWN closed his presentation on SB 72.

The hearing was closed on SB 72.

SENATE BILL 247

SENATOR BOB BROWN, District 10, sponsor of the bill, said SB 247 is a bill that was introduced to correct an error created by an injustice in the 1981 Legislature. Senate Bill 247 is an act to clarify that railroad retirement act benefit payments received during claim periods beginning in 1981 or 1982 as a result of fulfillment of federal social security requirements are not to be included as income for the purpose of computing eligibility for the residential property tax credit for elderly.

SENATE BILL 247 makes it possible for people who receive railroad

Senate Bill 72

REPRESENTATIVE VINGER moved the offered amendments to SB 72.

The motion was voted on and PASSED unanimously. Representatives Dozier, Harrington, Nordtvedt and Yardley were excused during the vote.

REPRESENTATIVE VINGER moved SB 72 BE CONCURRED IN AS AMENDED.

The motion was voted on and PASSED unanimously. Representatives Dozier, Harrington, Nordtvedt and Yardley were excused during the vote.

REPRESENTATIVE JACOBSEN said SB 94 will be heard in the House Education Committee and he asked that the bill be heard in this committee. The bill should not be in the Education Committee because it was heard in the Senate Taxation Committee.

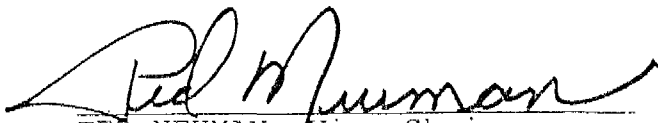
REPRESENTATIVE JACOBSEN moved SB 94 BE REFERRED TO THE HOUSE TAXATION COMMITTEE FROM THE HOUSE EDUCATION COMMITTEE.

REPRESENTATIVE WILLIAMS said we should find out why it was assigned to the House Education Committee.

The motion was voted on and PASSED unanimously. Representatives Dozier, Harrington, Nordtvedt and Yardley were excused during the vote. Representative Williams abstained from voting because he did not know why it was not assigned to this committee.

REPRESENTATIVE ASAY passed out copies of proposed amendments to HB 706.

The meeting was adjourned at 11:00 a.m.


TED NEUMAN, Vice-Chairman


Vicki Lofthouse, Secretary

EXPLANATION OF PROPOSED AMENDMENTS TO SB 72

The proposed amendment is necessary because the committee amended the penalty sections of the bill. The 10% penalty in current law has been replaced by a 2% penalty on the failure to file quarterly returns and an 8% penalty on a failure to pay the annual tax. The amendment merely changes the provision for waiver of penalties to reflect the committee action.

PROPOSED AMENDMENTS TO SB 72

1. *am p* page 7, line 4.

Strike: "The 10% penalty"

Insert: "Penalties"

2. *am p* page 7, line 6

Following: "15-38-105"

Insert: "or the failure to pay the tax required by 15-38-106"